



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

BOARD OF SUPERVISORS

Gloria Molina
First District

Yvonne Brathwaite Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

August 26, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AMENDMENT NO. 3 TO FINANCIAL MANAGEMENT SERVICES AND THIRD
PARTY RESOURCE IDENTIFICATION AND RECOVERY SERVICES AGREEMENT**
(All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Director of Health Services (Director), or his designee, to sign Amendment No. 3 to the Financial Management Services Agreement with Accordis Inc. (Accordis) Contract No. H210553, to amend the Agreement to add a payment provision authorizing the Director, to negotiate a payment amount, not to exceed three dollars and eighty cents (\$3.80), for each commercial insurance claim processed by Department of Health Services' facilities using Accordis' proprietary electronic billing system, effective on the date of Board approval through June 30, 2006, at an estimated maximum net County cost of \$75,000 per Fiscal Year.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:

In approving this recommended action, the Board is authorizing the Director, to amend the agreement with Accordis to provide a method of payment to Accordis for commercial insurance claims processed by the Department of Health Services (DHS or Department) using Accordis' electronic billing system. The utilization of Accordis' electronic billing system by Department facilities for commercial insurance billing is anticipated to improve commercial insurance revenue collection for the County.

FISCAL IMPACT/FINANCING:

Based on current commercial insurance account inventory, the maximum annual net County cost for fees paid to Accordis is estimated to be \$75,000.

Funding for this action is available in the Department's Fiscal Year (FY) 2004-05 Adopted Budget and will be requested as an ongoing appropriation for future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On June 1, 1999, the Board approved an agreement with Health Management Systems for the provision of Commercial Insurance Billing Services, Medi-Cal Billing and Follow-up Services, Financial Management and Consulting Services, and Secondary Third-Party Resource Identification and Recovery Services.

The Board approved an Assignment and Delegation to transfer ownership from Health Management System, Inc. to Accordis Inc. on November 18, 2003. Subsequent amendments excluded Medi-Cal Cost Report settlements from being a basis on which Accordis is paid and added provisions for Disproportionate Share Recovery Services at County health facilities and Medi-Cal Drug Treatment Claim Processing Services for the County's Alcohol and Drug Program Administration office.

Amendment No. 3 will add a payment provision authorizing the Director to pay Accordis up to a maximum of three dollars and eighty cents (\$3.80) for each commercial insurance claim processed by DHS facilities using Accordis' electronic billing system.

Currently, DHS facilities manually bill commercial insurance accounts which delays both the submission of claims and processing of commercial insurance payments to the County. Accordis' electronic billing system will provide a more efficient and speedy method for processing commercial insurance billing and insurance revenue recovery for the County in instances where the insurance carrier is able to accept electronic claims. In addition, the electronic billing system should decrease human errors because of billing edits provided in the billing system and expedite timely reimbursements to the County by providing a mechanism to facilitate the correction and resubmission of erroneous or denied insurance claims.

In addition, the amendment adds the following provisions to the agreement, Contractors Warranty of Adherence To County's Child Support Compliance Program, Termination for Breach of Warranty to Maintain Compliance with County's Child Support Compliance Program and Contractor Responsibility and Debarment.

The Honorable Board Of Supervisors
August 26, 2004
Page 3

County Counsel has approved the amendment as to form.

CONTRACTING PROCESS:

It is not appropriate to advertise an amendment on the Los Angeles County Online County wide web site.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of this recommendation is not anticipated to impact current services. Expected fees paid to Accordis are expected to be offset by potential increase in commercial insurance revenue collections.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TG:rb

Attachment (2)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor Controller

BLTCD3532.RB

SUMMARY OF AGREEMENTS

1. TYPE OF SERVICE:

The Financial Management Services agreement with Accordis will allow the Department to amend the existing agreement to add a payment provision and negotiate a payment amount.

2. AGENCY ADDRESS AND CONTACT PERSON:

Accordis, Inc.
401 Park Avenue South, 10th Floor
New York, New York 10016
Attention: Mr. Robert M. Holster, President
Telephone/Facsimile (FAX) Number: (212) 685-4545; (FAX) (212) 857-5010
Electronic Mail (e-mail) Address: www.hmsy.com

3. TERM:

The term of this agreement is effective upon date of Board Approval and will remain in effect through June 30, 2006

4. PROGRAM DESCRIPTION:

The amendment will allow the Director of Health Services to add a payment provision and negotiate a payment amount, for each commercial insurance claim processed by the Department of Health Services facilities using Accordis proprietary billing system.

5. FINANCIAL INFORMATION:

Based on current commercial insurance account inventory, the maximum annual net County cost for fees paid to Accordis is estimated to be \$75,000.

Funding for this action is available in the Department's Fiscal Year 2004-05 Adopted Budget and will be requested as an ongoing appropriation for future fiscal years.

6. APPROVALS:

Revenue Services:	Lawrence Gatton, Chief
Office of the Director of Finance:	Gary W. Wells, Director of Finance
Contracts Administration:	Irene Riley, Director
County Counsel (approval as to form):	Robert E. Ragland, Senior Deputy County Counsel

EXHIBIT I

Contract No. H210553-3

FINANCIAL MANAGEMENT SERVICES AGREEMENT

AMENDMENT NO. 3

THIS AMENDMENT is made and entered into this _____ day
of _____, 2004,

by and between	COUNTY OF LOS ANGELES (hereafter "County"),
and	ACCORDIS, INC. (hereafter "Contractor")

WHEREAS, reference is made to that certain document entitled
"AGREEMENT FOR FINANCIAL MANAGEMENT SERVICES", dated June 1,
1999, and further identified as County Agreement No. H210553, and
Amendments No. 1 and 2 thereto (all hereafter "Agreement"); and

WHEREAS, it is the intent of the parties hereto to amend
Agreement to correct the agreement title, correct amendment
number designation, correct a commercial insurance related
payment provision, and to make other hereafter described changes;
and

WHEREAS, said Agreement provides that changes may be made in
the form of a written amendment which is formally approved and
executed by the parties.

Contract No. H210553-3

FINANCIAL MANAGEMENT SERVICES AGREEMENT

AMENDMENT NO. 3

THIS AMENDMENT is made and entered into this _____ day
of _____, 2004,

by and between	COUNTY OF LOS ANGELES (hereafter "County"),
and	ACCORDIS, INC. (hereafter "Contractor")

WHEREAS, reference is made to that certain document entitled
"AGREEMENT FOR FINANCIAL MANAGEMENT SERVICES", dated June 1,
1999, and further identified as County Agreement No. H210553, and
Amendments No. 1 and 2 thereto (all hereafter "Agreement"); and

WHEREAS, it is the intent of the parties hereto to amend
Agreement to correct the agreement title, correct amendment
number designation, correct a commercial insurance related
payment provision, and to make other hereafter described changes;
and

WHEREAS, said Agreement provides that changes may be made in
the form of a written amendment which is formally approved and
executed by the parties.

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment shall be effective on the date of approval by County's Board of Supervisors ("Board").
2. Agreement shall be amended to correct the title from "Agreement for Financial Management Services" to "Financial Management Services Agreement".

3. Paragraph 55, CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM, shall be amended to read as follows:

"55. CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM: Contractor acknowledges that County has established a goal of ensuring that all individuals who benefit financially from County through contracts are in compliance with their court ordered child, family, and spousal support obligations in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

As required by County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting Contractor's duty under this Agreement to comply with all applicable provisions of law, Contractor warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting

requirements as required by the federal Social Security Act (42 U.S.C. section 653a) and California Unemployment Insurance Code section 1088.55, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure section 706.031 and Family Code section 5246(b)."

4. Paragraph 56, TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM, shall be amended to read as follows:

"56. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM:
Failure of Contractor to maintain compliance with the requirements set forth in the Contractor's Warranty of Adherence to County's Child Support Compliance Program Paragraph immediately above, shall constitute a default by Contractor under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure of Contractor to cure such default within ninety (90) calendar days of written notice by County shall be grounds upon which County may terminate this Agreement pursuant to Termination for Default

Paragraph of this Agreement and pursue debarment of Contractor pursuant to County Code Chapter 2.202."

5. Paragraph 68, CONTRACTOR RESPONSIBILITY AND DEBARMENT, shall be amended to read as follows:

"68. CONTRACTOR RESPONSIBILITY AND DEBARMENT:

A. A responsible contractor is a contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the contract. It is County's policy to conduct business only with responsible contractors.

B. Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if County acquires information concerning the performance of Contractor under this Agreement, or other contracts, which indicates that Contractor is not responsible, County may or otherwise in addition to other remedies provided under this Agreement, debar Contractor from bidding on County contracts for a specified period of time not to exceed three (3) years, and terminate this Agreement and any or all existing contracts Contractor may have with County.

C. County may debar Contractor if County's Board

of Supervisors finds, in its discretion, that Contractor has done any of the following: (1) violated any term of this Agreement or other contract with County, (2) committed any act or omission which negatively reflects on Contractor's quality, fitness, or capacity to perform a contract with County or any public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against County or any other public entity.

D. If there is evidence that Contractor may be subject to debarment, Director will notify Contractor in writing of the evidence which is the basis for the proposed debarment and will advise Contractor of the scheduled date for a debarment hearing before County's Contractor Hearing Board.

E. County's Contractor Hearing Board will conduct a hearing where evidence on proposed debarment is presented. Contractor or Contractor's representative, or both, shall be given an opportunity to submit evidence at that hearing. After the hearing, County's Contractor Hearing Board shall prepare a proposed

decision, which shall contain a recommendation regarding whether Contractor should be debarred, and if so, the appropriate length of time of the debarment. If Contractor fails to avail itself of the opportunity to submit evidence to County's Contractor Hearing Board, Contractor shall be deemed to have waived all rights of appeal.

F. A record of the hearing, the proposed decision, and any other recommendation of County's Contractor Hearing Board shall be presented to County's Board of Supervisors. County's Board of Supervisors shall have the right at its sole discretion to modify, deny, or adopt the proposed decision and recommendation of County's Contractor Hearing Board.

G. These terms shall also apply to any subcontractors of Contractor, vendor, or principal owner of Contractor, as defined in Chapter 2.202 of the County Code."

6. Exhibit A, Statement of Work, Paragraph 8.B, shall be amended to now read as follows:

"B. The aggregate contingent fee payable to Contractor with respect to commercial insurance payments received by County as a consequence of this Exhibit A, Statement of

Work, Paragraph 5.B, shall be negotiated by Director and Contractor, but shall not be greater than seven percent (7% or 0.07) of commercial insurance payments received by County from CIBS when it is provided to only one (1) Facility, and shall not be greater than six and one-half percent (6.5% or 0.065) of commercial insurance payments received by County from CIBS when it is provided to only two (2) Facilities, and shall not be greater than six percent (6.0% or 0.06) of commercial insurance payments received by County from CIBS provided to three (3) or more Facilities, or shall not be greater than eleven percent (11% or 0.11) of any portion of commercial insurance payments received by County from CIBS provided, at Director's discretion with the concurrence of Contractor, one (1) or more such Facilities under a tier fee structure using lower fee percentage(s) up to a baseline(s). The aggregate fee payable to Contractor with respect to Exhibit A, Statement of Work, Paragraph 5.B, when Contractor's billing system is utilized by Facility, shall be negotiated by Director and Contractor, but shall not be greater than Three Dollars Eighty Cents (\$3.80) for each claim processed."

7. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County
of Los Angeles has caused this Amendment to be subscribed by its

/

/

/

/

/

/

/

/

/

/

/

/

/

/

/

/

/

/

/

Director of Health Services, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Thomas L. Garthwaite, M.D.
Director and Chief Medical
Officer

ACCORDIS, INC.
Contractor

By _____
Signature

Print Name

Title _____
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL
LLOYD W. PELLMAN
County Counsel

By _____
Deputy

APPROVED AS TO CONTRACT
ADMINISTRATION:

Department of Health Services

By _____
Irene E. Riley, Director
Contract Administration

gti:06/18/04
AMCDACCORD.GI